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5 October 1954

MEMORANDUM OF UNDERSTANDING:

SUBJECT : Working Relationships between ERA and D/E on Commodity  
Intelligence for Economic Defense

REFERENCE: (a) Memorandum of Understanding between Ch/C/RR and Ch/E/RR,  
dated 27 May 1954

(b) Procedures for the Economic Research Area. (ERA) dated  
5 March 1954

RECISSION: Memorandum for the Record, same subject, dated 20 August 1954

1. This memorandum is an amplification of reference (a), which was approved by Ch/C and Ch/E and concurred in by AD/RR, and is intended to conflict in no way with either reference (a) or (b).

2. Essence of Functional Responsibilities:

A. ERA will be responsible for all research and production of commodity economic intelligence on the Soviet bloc with regards to Economic Defense support requests. (It is clearly understood that "support" does not mean production of studies designed to justify or oppose policy or action; rather it entails objective presentation of all available pertinent data of an economic nature on the Soviet bloc, needed by the action agencies to develop policy or action; on all the Economic Defense Interagency Committees, CIA has this service function - CIA representatives do not vote on action or policy---they present information and/or interpret it).

B. ERA will undertake specific research for economic defense commodity intelligence commensurate with its other obligations for economic intelligence research.

C. D/E will be responsible for inter-office and inter-agency coordination, CIA representation on inter-agency working groups and committees for economic defense, and liaison between requesters and the ERA for economic defense commodity intelligence support.

D. D/E will provide general and specific guidance to ERA on area, commodity, and subject-research for incorporation into ERA research programming which will be required by the economic defense community.

E. ERA commodity analysts will attend inter-agency meetings in support of the Agency representative (D/E) when the agenda indicates, and the representative desires, commodity intelligence support.

F. It is recognized that emergencies may occur in which formal liaison cannot be completed due to shortness of time or unavailability of key personnel. When D/E handles such cases on an ad hoc basis (including adaptation, desensitising, and clearing for inter-agency use of past intelligence production) it is expected that all interested personnel will be fully informed as soon as feasible.

3. Applicable Procedures:

A. All requests for economic defense commodity intelligence received in the agency will be referred by the recipient to Chief, D/E/RR.

B. Requests will be initially reviewed by D/E as to reasonableness and validity with respect to Agency and Office policy. Those requests adjudged to be impractical or inconsistent with Office policy will be resolved by D/E directly with the requester. Those requests adjudged by D/E to be reasonable and valid will be handled as follows:

1. Requests and justification such as a resume of intelligence formerly provided, intended use and schedule, negotiating history, etc., will

be prepared in D/E and will be forwarded by D/E to ST/PR which will provide the point of contact between ERA and D/E. Frames of reference of the studies shall be developed jointly by <sup>ERA</sup> ~~ST/PR~~ and D/E, and with the requester, if necessary, allowing for nature of the request and existing "attributes and standards" and any substitute or additional criteria which may be adopted in future.

2. Requests received from D/E in the ERA will be handled, as in the case of all other support requests, in accordance with reference (b). It is recognized that reference (b) provides for informal discussions by ERA analysts with their counterparts. It is further recognized that all written intelligence production leaving the ERA is subject to review by Ch/E.

C. Research for economic defense, other than for specific support, can be initiated in the ERA through the mechanism of the Project Proposal Memorandum as provided in reference (b).

D. At the beginning of each programming period in the ERA, ST/PR will solicit and receive support from D/E in laying out the dimensions and characteristics of the economic defense support required for the planning period. Interim changes in the research program can be proposed by either D/E or ERA as a result of changes in economic defense programs.

E. D/E will maintain a continuing file of inter-agency intelligence submitted to economic defense agencies. This file will be used by D/E and ERA to assist in determining additional research required to respond to a given request. D/E will also contribute to ERA any other intelligence which has been developed, e.g., data on strategic trade and transactions controls.

F. Support papers will be reviewed by both the ERA line component and ST/PR in accordance with reference (b). Support papers will be normally

forwarded to D/E in finished form per the terms of reference of the Project Action Memorandum including the security classification appropriate to the designated use.

G. D/E will review support papers with regard to inter-agency coordination and the incorporation of other contributions prior to transmittal to the requesting agency.

H. D/E on conclusion of negotiations will advise Chief ERA of results of negotiations and of use made of CIA information with analytical comment thereon.

Signed: 25X1A9a

[Redacted Signature]

Concurrence: Otto E. Guthe, AD/RR

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